proved turnover and automated ordering.

Sales improvement efforts will be enhanced by our ability to track individual items, automated ordering system, improved assortments, space allocation and proper register ringing (increased customer satisfaction).

Gross profit levels can be improved through management of and reaction to Point of Sale data such as improved register operations, reduced markdowns, better pricing discipline and improved basic assortments.

Point of Sale systems will reduce certain store labor requirements as well as enable some reorganization of duties to result in store expense savings in areas of reduced work hours, reduced inventory, reduced postage and reduced administrative needs.

Total management of our Number One physical asset - inventory - has necessitated an address to total Corporation systems, facilities and personnel. Implementation of the recommendations presented will enable TRIM to satisfy its primary objectives:

1) Maximise sales by providing our customers with merchandise assortments in the right

"The dictionary definition of 'trim' means to exhibit neatness and good order, to cut, to balance, and certainly all of these apply to inventory management. As the definition implies, TRIM is not negative. It means making things lean and hard in a positive way."
— R. H. Falck

quantities, at the right time, and in the right place.

2) Reduce investment costs by managing our inventories with maximum efficiency to improve turnover and best utilize corporate funds.

3) Reduce labor costs by fully utilizing electronic and machine functions.

The net result will be a bottom-line increase in corporate profitability.

The Point of Sale System which will be one of the most visible aspects of TRIM Scanners will be installed at the checkouts to read the Universal Product Code (UPC) that is or will be marked on every item. The UPC is the bar code marking system contained on many items you see today in grocery and department stores. Thirty-five percent of our merchandise is coded today. It is envisioned that the main checkouts will have slot or wand scanners while department registers will use wands to read the bar codes.

Store systems will utilize SKU capture with automated price look-up, develop and "electronic" list book, replenish decentralized basic merchandise from POS data through KIH and establish a purchase order/receiver system.

Buying office systems will improve buying plan discipline and develop a new Centralized System for selected lines in additional departments that experience proves will benefit.

Regional offices will be required to establish training groups for systems implementation as required and have improved merchandise information capabilities.

Vendors will be required to use UPC marking, use KIH order transmission more fully and transmit invoice data centrally.

We believe the potential benefits cited are realistic and achievable. Obviously, implementation of the various segments of the total package will not be simultaneous, and hence the benefits will accrue gradually over the implementation period. Thorough planning, total coordination and strict discipline are all essential to achieving the objectives of TRIM.